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C O N F I D E N T I A L SECTION 01 OF 02 ROME 000505

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SUBJECT: ENVIRONMENTAL FIASCOS AND ITALY'S EU CHEMICALS
POLICY

REF: 02 ROME 3755

CLASSIFIED BY ECONOMIC MINISTER-COUNSELOR SCOTT KILNER
FOR REASONS 1.5 (B)(D).

1. (C) SUMMARY AND RECOMMENDED ACTION. ON JAN. 17 EIGHTEEN DIRECTORS AND SENIOR PLANT MANAGERS AT THE ENICHEM PETROCHEMICAL COMPLEX IN PRIOLO (SICILY) WERE ARRESTED FOR ALLOWING LONG-TERM SEA DUMPING OF INCINERATED ASH CONTAINING HEAVY METALS WITH DRAMATICALLY HIGH MERCURY LEVELS. THE DUMPING IS LINKED TO HUNDREDS OF BIRTH DEFECTS IN CHILDREN BORN OVER THE LAST TEN YEARS IN THE 60,000-PERSON COMMUNITY, WHICH DEPENDS ON THE PLANT FOR ITS ECONOMIC LIVELIHOOD. MAJOR PETROCHEMICAL PLANTS IN ITALY -- IN BRINDISI, PRIOLO, AND PORTO MARGHERA IN THE NORTH -- ARE AGING OPERATIONS. WHILE GOVERNMENT AND NGO SCRUTINY IS INCREASING, THE SECRECY SURROUNDING CHEMICAL PLANT OPERATIONS, A LONG TRADITION OF ECONOMIC DEPENDENCE ON THESE PLANTS, AND PROBLEMATIC ENVIRONMENTAL LEGACIES, AS WELL AS THESE PLANTS' SHEER AGE, MAY TIP PUBLIC DEBATE IN ITALY ON A NEW EU CHEMICALS POLICY IN FAVOR OF MORE RATHER THAN LESS REGULATION. ITALY'S MINISTRY OF ENVIRONMENT HAS INDICATED THAT WORK ON THE NEW CHEMICALS POLICY IS LIKELY TO BE A TOPIC OF ITS EU PRESIDENCY WORK. U.S. COMMERCIAL INTERESTS ARE DIRECTLY ENGAGED, WITH DOW BEING THE SECOND LARGEST CHEMICAL COMPANY IN ITALY. POST REQUESTS A MID-SPRING VISIT BY USG OFFICIALS RESPONSIBLE FOR CHEMICALS REGULATION IN THE U.S. TO MEET WITH GOI OFFICIALS, INDUSTRY ORGANIZATIONS, AND ENVIRONMENTAL NGOS. END SUMMARY AND RECOMMENDED ACTION.

"WORST PRACTICES" -- ITALY'S CHEMICAL PLANTS

2. (U) ESTCOUNS AND MILAN ECONOFF WERE VISITING DOW OFFICES IN MILAN WHEN THEY HEARD THE NEWS ABOUT PRIOLO, A LARGE INTEGRATED PETROCHEMICAL PLANT BUILT BY ENICHEM IN THE EARLY 1960S, WHEN THE COMPANY WAS OWNED BY THE ITALIAN GOVERNMENT. PRIOLO TODAY IS IN THE HANDS OF SEVERAL OWNERS, INCLUDING POLIMERI EUROPA AND DOW, AND REMAINS ONE OF LARGEST PRODUCTION SITES FOR POLYETHYLENE SHEET IN EUROPE, WITH LARGE SCALE EXPORTS. ON JANUARY 17, EVERY MAJOR ITALIAN DAILY REPORTED THE ARREST OF EIGHTEEN SENIOR COMPANY OFFICIALS WHO WERE CHARGED WITH IMPROPER SEPARATION OF HAZARDOUS WASTES, WHICH WERE MIXED AND DISPOSED ALONG WITH NONHAZARDOUS WASTE STREAMS. THE ARRESTS FOLLOWED MORE THAN A YEAR OF INVESTIGATIVE WORK BY LOCAL AUTHORITIES. ENVIRONMENTAL MONITORING OF WATER SAMPLES AND SEDIMENT NEAR THE PLANT OUTFALLS INDICATED A MERCURY LEVEL MORE THAN 20,000 TIMES THE ALLOWABLE LIMIT. FOLLOWING THE ARRESTS, THE MINISTER OF ENVIRONMENT ANNOUNCED AN INVESTIGATION AND CALLED FOR THE SEVEREST PUNISHMENT UNDER THE LAW FOR THOSE DEMONSTRATED TO BE IN VIOLATION OF THE LAW. THE ENTIRE PRODUCTION SITE, INCLUDING DOW'S OPERATION (ACQUIRED FROM ENICHEM), WAS CLOSED ON JANUARY 18. CIVIL SUITS IN ADDITION TO THE CRIMINAL INVESTIGATION ARE BEING FILED.

3. (SBU) ESTCOUNS HAD EARLIER VISITED THE PRIOLO SITE AND THE POLIMERI EUROPA AND DOW OFFICES IN JULY OF 2002, AND WAS STRUCK BY THE AGE OF THE CRACKING PLANT OPERATION AND BY THE EXTREME SECURITY CONTROLS AT THE SITE. OFFICIALS AT POLIMERI EUROPA WERE RELUCTANT TO SHARE INFORMATION ABOUT THEIR OPERATIONS (SEE REFTTEL). DOW OFFICIALS WERE FAR MORE OPEN, STRESSING THE USE OF SOME INDUSTRIAL WASTE PRODUCTS AS FEED FOR OTHER OPERATIONS ON THE SAME COMPLEX, AND INFORMATION ABOUT THE SHARED ADVANCED WASTEWATER TREATMENT PLANT IN USE AND SCHEDULED FOR IMPROVEMENT.

4. (SBU) IN 2001, ESTCOUNS ALSO VISITED BRINDISI, WHERE THE COMBINATION OF PETROCHEMICAL PLANT, A LARGE COAL-FIRED POWER GENERATING PLANT, AND AN ACTIVE FERRY SERVICE ARE THE PRINCIPAL LANDSCAPE FEATURES OF THIS TOWN ON THE SOUTHERN ADRIATIC. THE CHEMICAL OPERATIONS, OWNED AT THE TIME BY ENICHEM, BUT ACQUIRED LATER BY DOW, WERE ON A LARGE SITE WITH SEVERAL OPERATIONS CLOSED DUE TO SOIL CONTAMINATION AND ENVIRONMENTAL LEGACY PROBLEMS, INCLUDING CIVIL CASES BY FORMER WORKERS WHO ALLEGED CANCER AND OTHER SERIOUS ILLNESSES RESULTING FROM EXPOSURE TO TOXINS WHILE EMPLOYED ON THE SITE. BECAUSE OF CHEMICAL PRODUCTION CONTAMINATION, TWO SITES A FEW KILOMETERS FROM THE CITY HAD BEEN DESIGNATED AS AMONG THE THIRTY MOST CONTAMINATED SITES IN ITALY.

15. (C) WHEN ESTCOUNS MET WITH THE MAYOR, THE ALDERMAN FOR ENVIRONMENT, AND ENGINEERING CONSULTANTS TO THE CITY, THEY EXPLAINED THAT THEY HAD BEEN AWARE OF HEALTH RISKS SINCE THE LATE 1970S, BUT THE SLOWNESS OF ENVIRONMENTAL LAWS, DIFFICULTIES OF MONITORING AND ENFORCEMENT, AND VEILED THREATS FROM ENICHEM TO SIMPLY CLOSE DOWN OPERATIONS IF THE

ACTION EUR-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CIAE-00	COME-00	CTME-00
	DINT-00	DODE-00	DOEE-00	SRPP-00	EB-00	EXIM-01	E-00
	VC-00	FRB-00	H-01	TEDE-00	INR-00	IO-00	ITC-01
	LAB-01	L-00	VCE-00	AC-01	NSAE-00	NSCE-00	NSF-01
	OES-00	OIC-02	OMB-01	DHS-00	OPIC-01	PM-00	PRS-00
	ACE-00	SP-00	SSO-00	SS-00	STR-00	TRSE-00	T-00
	USIE-00	EPAE-00	ECA-00	PMB-00	DRL-01	G-00	SAS-00

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